

**VIENNA TOWNSHIP
BASIC FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2008**

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INDEPENDENT AUDITOR'S REPORT

September 25, 2008

Township Board
Vienna Township
Johannesburg, Michigan 49751

I have audited the accompanying financial statements of the governmental activities and each major fund of Vienna Township, Montmorency County, Michigan as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Vienna Township's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, based on my audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund, of Vienna Township, as of March 31, 2008, and the respective changes in financial position, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information as identified in the table of contents are not a required part of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Vienna Township's basic financial statements. The introductory section is presented for purposes of additional analysis and are not a required part of the basic financial statements.

A handwritten signature in dark ink, appearing to read 'Thomas R. Zick, CPA P.C.', written in a cursive style.

THOMAS R. ZICK CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANT

VIENNA TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

THE TOWNSHIP AS A WHOLE

The Township's combined net assets increased 8.7% from a year ago – increasing by \$52,202. As we look at the governmental activities you can see the increase occurred throughout the entire group of governmental funds.

In a condensed format, the table below shows a calculation of the net assets as of the current balance sheet date. No comparative figures are shown because our government is audited every other year.

| | <u>03/31/08</u> |
|--|-------------------|
| Current Assets | \$ 314,462 |
| Noncurrent Assets | <u>340,449</u> |
| Total Assets | <u>654,911</u> |
| Other Liabilities | <u>2,604</u> |
| Total Liabilities | <u>2,604</u> |
| Net Assets | |
| Invested in Capital Assets - Net of Debt | 340,449 |
| Restricted - Fire Fund | 122,039 |
| Restricted - Road Fund | 32,319 |
| Unrestricted | <u>157,500</u> |
| Total Net Assets | <u>\$ 652,307</u> |

Unrestricted net assets – the part of net assets that can be used to finance day to day operations ended the year at \$157,500.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The following table shows the changes in the net assets as of the current year. No comparative figures are shown because our government is audited every other year.

| | | |
|----------------------------------|----|----------------|
| Program Revenues | | |
| Charges for Services | \$ | 12,673 |
| Operating Grants | | 2,350 |
| General Revenues | | |
| Property Taxes | | 143,975 |
| State Shared Revenues | | 39,354 |
| Unrestricted Investment Earnings | | 12,617 |
| Other Revenue | | <u>3,607</u> |
| Total Revenues | | <u>214,576</u> |
| Program Expenses | | |
| General Government | | 86,619 |
| Public Safety | | <u>75,755</u> |
| Total Expenses | | <u>162,374</u> |
| Change in Net Assets | \$ | <u>52,202</u> |

The Township's net assets continue to remain healthy. The total revenues grew slightly faster than inflation while we were able to hold expenses in line.

GOVERNMENTAL ACTIVITIES

The Township's total governmental revenues were \$214,576.

The Township is continuing to update and improve the township hall. We are also planning to improve the Gingell Cemetery property and possibly replacing the fence and sign. The cost will be paid out of the general operating fund.

THE TOWNSHIP'S FUNDS

Our analysis of the Township's major funds begins on page 7 following the Township-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the township as a whole. The township board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2007/08 include the General Fund, Road Fund, Fire Fund, and EMS Fund.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

THE TOWNSHIP'S FUNDS (CONTINUED)

The General Fund pays for most of the Township's governmental services. The most significant expenditures are assessing at \$11,321, landfill transfer site at \$12,500, and dust control at \$6,250.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Township board did not amend the budget. There were only minor budget variances during the year. The General Fund Balance increased by \$24,830 during the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

At March 31, 2008 the Township had \$340,449 invested in net capital assets in a broad range of capital assets, including buildings and fire equipment.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

We do not anticipate a change in the millage rates for 2008/09.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the supervisor at (989) 786-5729.

VIENNA TOWNSHIP
STATEMENT OF NET ASSETS
MARCH 31, 2008

| | Governmental Activities |
|---|----------------------------|
| ASSETS | |
| Cash demand and time deposits | \$ 306,162 |
| Receivables | |
| Taxes | 8,300 |
| Capital assets | |
| Land | 27,725 |
| Other capital assets, net of depreciation | <u>312,724</u> |
| TOTAL ASSETS | <u>654,911</u> |
| LIABILITIES | |
| Accounts payable | <u>2,604</u> |
| TOTAL LIABILITIES | <u>2,604</u> |
| NET ASSETS | |
| Invested in capital assets, net of related debt | 340,449 |
| Restricted for: | |
| Fire Fund | 122,039 |
| Road Fund | 32,319 |
| Unrestricted | <u>157,500</u> |
| TOTAL NET ASSETS | <u>\$ 652,307</u> |

See Notes to Financial Statements

VIENNA TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2008

| Functions / Programs | Expenses | Program Revenues | | | Net (Expense) Revenue |
|---|-------------------|-------------------------|--|-------------------|-----------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants | |
| Primary Government | | | | | |
| Governmental Activities | | | | | |
| General Government | \$ 86,619 | \$ 11,673 | \$ 2,350 | \$ - | \$ (72,596) |
| Public Safety | 75,755 | 1,000 | - | - | (74,755) |
| Interest on Debt | - | - | - | - | - |
| Total Governmental Activities | <u>\$ 162,374</u> | <u>\$ 12,673</u> | <u>\$ 2,350</u> | <u>\$ -</u> | <u>(147,351)</u> |
| General revenues: | | | | | |
| Taxes: | | | | | |
| Property taxes levied for general purposes | | | | | 45,385 |
| Property taxes levied for road improvements | | | | | 16,495 |
| Property taxes levied for fire operations | | | | | 49,197 |
| Property taxes levied for emergency services | | | | | 32,898 |
| State Revenue Sharing not restricted to specific purposes | | | | | 39,354 |
| Interest and investment earnings / other revenue | | | | | <u>16,224</u> |
| Total general revenues and taxes | | | | | <u>199,553</u> |
| Change in net assets | | | | | 52,202 |
| Net assets, beginning of year | | | | | <u>600,105</u> |
| Net assets, end of year | | | | | \$ 652,307 |

See Notes to Financial Statements

VIENNA TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2008

| | GENERAL FUND | ROAD FUND | FIRE FUND | EMS FUND | TOTAL |
|--|-------------------|------------------|-------------------|-----------------|-------------------|
| ASSETS | | | | | |
| Cash | \$ 155,663 | \$ 31,339 | \$ 119,160 | \$ - | \$ 306,162 |
| Receivables | | | | | |
| Taxes | <u>2,441</u> | <u>980</u> | <u>2,924</u> | <u>1,955</u> | <u>8,300</u> |
| TOTAL ASSETS | <u>\$ 158,104</u> | <u>\$ 32,319</u> | <u>\$ 122,084</u> | <u>\$ 1,955</u> | <u>\$ 314,462</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts Payable | \$ 604 | \$ - | \$ 45 | \$ 1,955 | \$ 2,604 |
| TOTAL LIABILITIES | <u>604</u> | <u>-</u> | <u>45</u> | <u>1,955</u> | <u>2,604</u> |
| FUND BALANCES | | | | | |
| Reserved | - | 32,319 | 122,039 | - | 154,358 |
| Unreserved | <u>157,500</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>157,500</u> |
| TOTAL FUND BALANCES | <u>157,500</u> | <u>32,319</u> | <u>122,039</u> | <u>-</u> | <u>311,858</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 158,104</u> | <u>\$ 32,319</u> | <u>\$ 122,084</u> | <u>\$ 1,955</u> | <u>\$ 314,462</u> |

See Notes to Financial Statements

VIENNA TOWNSHIP
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
MARCH 31, 2008

| | |
|--|------------|
| Fund Balances - Total Governmental Funds | \$ 311,858 |
|--|------------|

Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

| | |
|--------------------------|---------|
| Capital Assets - at Cost | 566,321 |
|--------------------------|---------|

| | |
|--------------------------|------------------|
| Accumulated Depreciation | <u>(225,872)</u> |
|--------------------------|------------------|

| | |
|---------------------------------------|-------------------|
| Net Assets of Governmental Activities | <u>\$ 652,307</u> |
|---------------------------------------|-------------------|

See Notes to Financial Statements

VIENNA TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2008

| | GENERAL FUND | ROAD FUND | FIRE FUND | EMS FUND | TOTAL |
|---------------------------------------|-------------------|------------------|-------------------|---------------|-------------------|
| REVENUES | | | | | |
| Taxes | \$ 45,385 | \$ 16,495 | \$ 49,197 | \$ 32,898 | \$ 143,975 |
| State Sources | 41,704 | - | - | - | 41,704 |
| Charges for Services | 1,000 | - | - | - | 1,000 |
| Interest / Royalty Income | 8,119 | 731 | 3,723 | 44 | 12,617 |
| Hall Rent | 1,025 | - | - | - | 1,025 |
| Administration Fee | 10,648 | - | - | - | 10,648 |
| Other Revenue | <u>3,557</u> | <u>-</u> | <u>50</u> | <u>-</u> | <u>3,607</u> |
| TOTAL REVENUES | <u>111,438</u> | <u>17,226</u> | <u>52,970</u> | <u>32,942</u> | <u>214,576</u> |
| EXPENDITURES | | | | | |
| General Government | 83,060 | - | - | - | 83,060 |
| Public Safety | 3,548 | - | 17,661 | 32,942 | 54,151 |
| Public Works | - | - | - | - | - |
| Capital Outlay | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL EXPENDITURES | <u>86,608</u> | <u>-</u> | <u>17,661</u> | <u>32,942</u> | <u>137,211</u> |
| REVENUES OVER (UNDER) EXPENDITURES | 24,830 | 17,226 | 35,309 | - | 77,365 |
| FUND BALANCES - BEGINNING OF YEAR | <u>132,670</u> | <u>15,093</u> | <u>86,730</u> | <u>-</u> | <u>234,493</u> |
| FUND BALANCES, END OF YEAR | <u>\$ 157,500</u> | <u>\$ 32,319</u> | <u>\$ 122,039</u> | <u>\$ -</u> | <u>\$ 311,858</u> |

See Notes to Financial Statements

VIENNA TOWNSHIP
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
FOR THE YEAR ENDED MARCH 31, 2008

| | |
|--|-----------|
| Net Change in Fund Balances - Total Governmental Funds | \$ 77,365 |
|--|-----------|

Amounts reported for *governmental activities* in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However, in
the statement of activities, the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense.

| | |
|-------------------------------|-----------------|
| Add - Capital Outlay | - |
| Deduct - Depreciation Expense | <u>(25,163)</u> |

| | |
|---|-------------------------|
| Change in Net Assets of Governmental Activities | <u><u>\$ 52,202</u></u> |
|---|-------------------------|

See Notes to Financial Statements

VIENNA TOWNSHIP
STATEMENT OF FIDUCIARY FUND NET ASSETS
AGENCY FUNDS
MARCH 31, 2008

ASSETS

| | |
|------|-------|
| Cash | \$ 28 |
|------|-------|

| | |
|--------------|--------------|
| TOTAL ASSETS | <u>\$ 28</u> |
|--------------|--------------|

LIABILITIES

| | |
|---------------------------------|-------|
| Due to Other Governmental Units | \$ 28 |
|---------------------------------|-------|

| | |
|-------------------|--------------|
| TOTAL LIABILITIES | <u>\$ 28</u> |
|-------------------|--------------|

See Notes to Financial Statements

VIENNA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Vienna Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township.

REPORTING ENTITY

The General Law Township is located in Montmorency County, Michigan and operates under an elected Township Board consisting of a Supervisor, Treasurer, Clerk, and two Trustees. This Board and its employees provide services to its residents in areas such as fire protection, voter registration, and maintenance of township facilities.

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the Township's reporting entity, and which organizations are legally separate, component units of the Township. Based on the application of the criteria, the Township does not contain any component units.

TOWNSHIP-WIDE AND FUND FINANCIAL STATEMENTS

The township-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the Township's Township-wide activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the township-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Township-Wide Financial Statements - The township-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the township-wide financial statements.

VIENNA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided; and (2) operating grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and unrestricted state aid/revenue sharing.

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted state revenue sharing, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the Township.

Fiduciary fund statements are also reported using the economic resources measurement focus and the accrual basis of accounting. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

The Township reports the following major governmental funds:

General Fund - The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund.

Road Fund - This is a special revenue fund used to record revenue and expenditures related to road improvement activities.

Fire Fund – This is a special revenue fund used to record revenue and expenditures related to the fire department activities.

EMS Fund – this is a fund used to record the proceeds from tax levies and to record the payment to Tri-Township for ambulance services.

The township also maintains the following fund:

Fiduciary Funds – The Township maintains an Agency Fund to record the tax collection transactions. The funds are segregated and used to record the tax collection and distribution of taxes to the various taxing entities.

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

Cash and Investments – Cash and investments include cash on hand, demand deposits, and savings accounts.

VIENNA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables and Payables – In general, outstanding balances between funds are reported as “due to/from other funds.”

All property tax receivables are shown net of an allowance for uncollectible amounts. The Township considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded. Property taxes are assessed as of December 31 and the related property taxes are levied and become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county delinquent tax rolls. The County operates a delinquent tax revolving fund and normally pays to the Township all current taxes annually prior to June 30.

Restricted Assets – The fund balance in the fire fund is shown as a restricted fund balance. This balance can only be used for fire department related expenses.

Capital Assets – Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental column in the Township-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The Township does not have infrastructure-type assets.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

| | |
|----------------------------------|-------------|
| Buildings and building additions | 10-50 years |
| Fire trucks and other vehicles | 7-15 years |
| Furniture and other equipment | 2-20 years |

Long-Term Obligations – In the Township-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. The Township currently has no long-term obligations.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Accounting Change – Effective April 1, 2005, the Township implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* (GASB No. 34) along with all related statements and interpretations. Changes to the Township’s financial statements as a result of GASB No. 34 are as follows:

- § A Management’s Discussion and Analysis (MD&A) section providing analysis of the Township’s overall financial position and results of operations has been included.
- § Township-wide financial statements (statement of net assets and statement of activities) prepared using full accrual accounting for all of the Township’s activities have been provided.

VIENNA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- § Capital assets in the governmental activities column of the statement of net assets includes assets totaling \$340,449 not previously accounted for by the Township
- §
- § The governmental activities column would include bonds and other long-term obligations not previously reported in the General Long-term Debt Account Group. However, the Township presently has no long-term debt.
- § The fund financial statements focus on major funds rather than fund types.

BUDGETS AND BUDGETARY ACCOUNTING

All funds are under the direct supervision and budgetary control of the Township board. In accordance with PA 621 of 1978, the Uniform Budgeting and Accounting Act as amended, the Township board adopts a budget for the general fund and the fire special revenue fund. Any budget violations are disclosed in the audits of the Township's financial statements as required by law.

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The budgets, as adopted, lapse after the close of the fiscal year, and a new budget is adopted for the ensuing year. The budget for Vienna Township, as presented in the accompanying financial statements is the amended budget as well as the original adopted budget for the funds required to be budgeted under state statute.

NOTE 2- STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information – Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the general and special revenue funds. All annual appropriations lapse at the fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Township to have its budget in place by April 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits Townships to amend their budgets during the year.

Excess Expenditures Over Appropriations in Budgeted Funds - The Township is required under Public Act 621 of 1978 to adopt (pass) a budget (General Appropriations Act) for the General Fund and Individual Special Revenue Funds. The Township complied in all areas.

VIENNA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 3 - CASH AND INVESTMENTS

The captions on the accompanying balance sheet related to cash are as follows:

| | Cash/checking and Savings | Investments | , Total |
|-----------------------|------------------------------|-------------------|-------------------|
| Government Activities | \$ 33,162 | \$ 273,000 | \$ 306,162 |
| Agency Funds | <u>28</u> | <u>-0-</u> | <u>28</u> |
| | <u>\$ 33,190</u> | <u>\$ 273,000</u> | <u>\$ 306,190</u> |

Deposits - At year-end, the carrying amount of the Township's deposits was \$33,190 and the bank balance was \$35,383 classified as to risk as follows.

| | |
|------------------------------|------------------|
| Insured | \$ 33,190 |
| Uninsured – Uncollateralized | <u>-0-</u> |
| | <u>\$ 33,190</u> |

Investments – Act 217, PA 1982, authorized the Township to deposit and invest in the following:

- a. Bonds, securities, and other direct obligations of the United States or its agencies.
- b. Certificates of deposit and other savings instruments issued by a federally insured bank, savings and loan or credit union maintaining an office in Michigan.
- c. Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- d. Mutual Funds comprised of investments which are legal for direct investment by local units of government in Michigan.
- e. U.S. Government or federal agency obligation repurchase agreements.
- f. Bankers' acceptance of United States banks

The investments are held in the National City Bank Municipal Investment Fund which is a pooled fund redeemable at dollar for dollar invested and are not insured.

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). The Township has no investments at March 31, 2008 other than the National City Municipal Investment Fund.

Interest Rate Risk

The Township has not adopted a policy that indicates how the Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by limiting the weighted average maturity of its investment portfolio to less than a given period of time. However, there are no investments at March 31, 2008 other than the National City Municipal Investment Fund.

VIENNA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

The Township has not adopted a policy that indicates how the Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial Credit Risk

The Township has not adopted a policy that indicates how the Township will minimize custodial credit risk, which is the risk that in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments of collateral securities that are in possession of an outside party. However, there were no investments at March 31, 2008 with this risk.

The Township Board is authorized to designate depositories for Township funds, and the funds are invested in accordance with State of Michigan statutory authority.

NOTE 4 – CAPITAL ASSETS

Capital asset activity of the Township's governmental activities was as follows:

| | Balance March 31, 2007 | Additions | Disposals | March 31, 2008 |
|---------------------------------------|---------------------------|-------------|-----------|----------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 27,725 | \$ - | \$ - | \$ 27,725 |
| Capital assets being depreciated: | | | | |
| Building and building improvements | 228,489 | - | - | 228,489 |
| Land Improvements | 16,700 | - | - | 16,700 |
| Fire equipment | 274,495 | - | - | 274,495 |
| Townhall Equipment | 18,912 | - | - | 18,912 |
| Subtotal | 538,596 | - | - | 538,596 |
| Accumulated depreciation | 200,709 | 25,163 | - | 225,872 |
| Net capital assets being depreciated | 337,887 | (25,163) | - | 312,724 |
| Net governmental capital assets | \$ 365,612 | \$ (25,163) | \$ - | \$ 340,449 |

Depreciation expense was charged to activities of the Township as follows:

Governmental activities:

| | |
|--------------|------------------|
| General Fund | \$ 3,559 |
| Fire Fund | 21,604 |
| Total | <u>\$ 25,163</u> |

VIENNA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 5 - RISK MANAGEMENT

The Township purchases insurance from a private insurance carrier for liability, worker's compensation and other insurable risks.

NOTE 6 – PENSION PLAN

The township has a defined contribution pension plan. The Travelers Group choice annuity was selected as the carrier for the plan. The annuity guarantees the holder 3.5% minimum annual interest rate with no initial sales charge to the participant. The individual participant is required to contribute 7% of their earnings with the township matching that amount. The current year payroll covered under the plan was \$36,971. The Township contributed \$2,588 and the employees matched that figure.

REQUIRED SUPPLEMENTAL INFORMATION

VIENNA TOWNSHIP
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, OTHER SOURCES (USES)
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2008

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET |
|------------------------------------|--------------------|-------------------|-------------------|----------------------------------|
| REVENUES | | | | |
| Taxes | \$ 43,467 | \$ 43,467 | \$ 45,385 | \$ 1,918 |
| State Sources | 39,000 | 39,000 | 41,704 | 2,704 |
| Charges for Services | 500 | 500 | 1,000 | 500 |
| Interest / Royalty Income | 3,500 | 3,500 | 8,119 | 4,619 |
| Hall Rent | 2,000 | 2,000 | 1,025 | (975) |
| Administration Fee | 10,591 | 10,591 | 10,648 | 57 |
| Other | 9,000 | 9,000 | 3,557 | (5,443) |
| TOTAL REVENUES | <u>108,058</u> | <u>108,058</u> | <u>111,438</u> | <u>3,380</u> |
| EXPENDITURES | | | | |
| General Government: | | | | |
| Township Board | 37,770 | 37,770 | 32,010 | 5,760 |
| Supervisor | 9,000 | 9,000 | 8,544 | 456 |
| Clerk | 10,000 | 10,000 | 9,015 | 985 |
| Board of Review | 1,000 | 1,000 | 880 | 120 |
| Treasurer | 16,000 | 16,000 | 15,123 | 877 |
| Assessor | 14,000 | 14,000 | 11,321 | 2,679 |
| Elections | 1,000 | 1,000 | 692 | 308 |
| Township Hall | 8,000 | 8,000 | 5,010 | 2,990 |
| Cemetery | 1,000 | 1,000 | 465 | 535 |
| Capital Outlay | 5,000 | 5,000 | - | 5,000 |
| Total General Government | <u>102,770</u> | <u>102,770</u> | <u>83,060</u> | <u>19,710</u> |
| Public Safety: | | | | |
| EMS | 500 | 500 | 240 | 260 |
| Planning and Zoning | 4,500 | 4,500 | 3,308 | 1,192 |
| Total Public Safety | <u>5,000</u> | <u>5,000</u> | <u>3,548</u> | <u>1,452</u> |
| TOTAL EXPENDITURES | <u>107,770</u> | <u>107,770</u> | <u>86,608</u> | <u>21,162</u> |
| REVENUES OVER (UNDER) EXPENDITURES | 288 | 288 | 24,830 | 24,542 |
| FUND BALANCES, BEGINNING OF YEAR | <u>129,580</u> | <u>129,580</u> | <u>132,670</u> | <u>3,090</u> |
| FUND BALANCES, END OF YEAR | <u>\$ 129,868</u> | <u>\$ 129,868</u> | <u>\$ 157,500</u> | <u>\$ 27,632</u> |

See Notes to Financial Statements

ROAD FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2008

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET |
|------------------------------------|--------------------|------------------|------------------|----------------------------------|
| REVENUES | | | | |
| Taxes | \$ 14,000 | \$ 14,000 | \$ 16,495 | \$ 2,495 |
| Intergovernmental Revenue | | | | |
| Federal | - | - | - | - |
| State | - | - | - | - |
| Other Local Units | - | - | - | - |
| Charges for Services | - | - | - | - |
| Interest | - | - | 731 | 731 |
| Other Revenue | - | - | - | - |
| | <u>14,000</u> | <u>14,000</u> | <u>17,226</u> | <u>3,226</u> |
| TOTAL REVENUES | | | | |
| | <u>14,000</u> | <u>14,000</u> | <u>17,226</u> | <u>3,226</u> |
| EXPENDITURES | | | | |
| Payment to Other Governments | <u>10,000</u> | <u>10,000</u> | - | <u>10,000</u> |
| | <u>10,000</u> | <u>10,000</u> | - | <u>10,000</u> |
| TOTAL EXPENDITURES | | | | |
| | <u>10,000</u> | <u>10,000</u> | - | <u>10,000</u> |
| REVENUES OVER (UNDER) EXPENDITURES | 4,000 | 4,000 | 17,226 | 13,226 |
| FUND BALANCES, BEGINNING OF YEAR | <u>13,873</u> | <u>13,873</u> | <u>15,093</u> | <u>1,220</u> |
| FUND BALANCES, END OF YEAR | <u>\$ 17,873</u> | <u>\$ 17,873</u> | <u>\$ 32,319</u> | <u>\$ 14,446</u> |

See Notes to Financial Statements

VIENNA TOWNSHIP
FIRE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2008

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET |
|------------------------------------|--------------------|------------------|-------------------|----------------------------------|
| REVENUES | | | | |
| Taxes | \$ 45,553 | \$ 45,553 | \$ 49,197 | \$ 3,644 |
| Interest | 2,000 | 2,000 | 3,723 | 1,723 |
| Other Revenue | <u>1,500</u> | <u>1,500</u> | <u>50</u> | <u>(1,450)</u> |
| TOTAL REVENUES | <u>49,053</u> | <u>49,053</u> | <u>52,970</u> | <u>3,917</u> |
| EXPENDITURES | | | | |
| Public Safety | 30,000 | 30,000 | 17,661 | 12,339 |
| Capital Outlay | <u>5,000</u> | <u>5,000</u> | <u>-</u> | <u>5,000</u> |
| TOTAL EXPENDITURES | <u>35,000</u> | <u>35,000</u> | <u>17,661</u> | <u>17,339</u> |
| REVENUES OVER (UNDER) EXPENDITURES | 14,053 | 14,053 | 35,309 | 21,256 |
| FUND BALANCES, BEGINNING OF YEAR | <u>82,914</u> | <u>82,914</u> | <u>86,730</u> | <u>3,816</u> |
| FUND BALANCES, END OF YEAR | <u>\$ 96,967</u> | <u>\$ 96,967</u> | <u>\$ 122,039</u> | <u>\$ 25,072</u> |

See Notes to Financial Statements

VIENNA TOWNSHIP
EMS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2008

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET |
|------------------------------------|--------------------|-----------------|---------------|----------------------------------|
| REVENUES | | | | |
| Taxes | \$ 28,000 | \$ 34,000 | \$ 32,898 | \$ (1,102) |
| Intergovernmental Revenue | | | | |
| Federal | - | - | - | - |
| State | - | - | - | - |
| Other Local Units | - | - | - | - |
| Charges for Services | - | - | - | - |
| Interest | - | 75 | 44 | (31) |
| Other Revenue | - | - | - | - |
| | <u>28,000</u> | <u>34,075</u> | <u>32,942</u> | <u>(1,133)</u> |
| TOTAL REVENUES | | | | |
| | <u>28,000</u> | <u>34,075</u> | <u>32,942</u> | <u>(1,133)</u> |
| EXPENDITURES | | | | |
| Payment to Other Governments | <u>28,000</u> | <u>34,075</u> | <u>32,942</u> | <u>1,133</u> |
| | <u>28,000</u> | <u>34,075</u> | <u>32,942</u> | <u>1,133</u> |
| TOTAL EXPENDITURES | | | | |
| | <u>28,000</u> | <u>34,075</u> | <u>32,942</u> | <u>1,133</u> |
| REVENUES OVER (UNDER) EXPENDITURES | - | - | - | - |
| FUND BALANCES, BEGINNING OF YEAR | - | - | - | - |
| FUND BALANCES, END OF YEAR | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

See Notes to Financial Statements



Thomas R. Zick CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANT

P.O. BOX 149, 2947 MANTZ STREET
LEWISTON, MICHIGAN 49756
TELEPHONE: (989) 786-4032
FAX: (989) 786-4032

INTERNAL CONTROL LETTER

September 25, 2008

Township Board
Vienna Township
Johannesburg, Michigan 49751

In planning and performing my audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Vienna Township as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, I considered Vienna Township's internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Vienna Township's internal control. Accordingly, I do not express an opinion on the effectiveness of Vienna Township's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

My consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control that I consider to be material weaknesses as defined above. However, I identified the following deficiency in internal control that I consider to be a significant deficiency.

Establishment and maintenance of internal control over the financial reporting process as defined by Statement on Auditing Standards Number 112 requires management to prepare annual financial statements in accordance with GASB Statement Number 34. The Township's auditor prepares these financial statements.

This communication is intended solely for the information and use of management, the Township Board, and the Michigan Department of Treasury and is not intended to be and should not be used by anyone other than these specified parties.

Thomas R. Zick CPA, P.C.
Certified Public Accountant



Thomas R. Zick CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANT

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LEWISTON, MICHIGAN 49756
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REPORT TO MANAGEMENT / TOWNSHIP BOARD

September 25, 2008

Township Board
Vienna Township
Johannesburg, Michigan 49751

I have audited the financial statements of Vienna Township for the year ended March 31, 2008, and have issued my reports thereon dated September 25, 2008. Professional standards require that I provide you with the following information related to my audit.

My Responsibility Under U.S. Generally Accepted Auditing Standards

My responsibility, as described by professional standards, is to plan and perform my audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. Generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute, assurance and because I did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by me.

In planning and performing my audit, I considered Vienna Township's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinions on the financial statements and not to provide assurance on the internal control over financial reporting. I also considered internal control over compliance with requirements that could have a direct and material effect on the financial statements.

As part of obtaining reasonable assurance about whether Vienna Township's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit. While my audit provides a reasonable basis for my opinion, it does not provide a legal determination of Vienna Township's compliance with those requirements.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, I will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Vienna Township are described in Note 1 to the financial statements. I noted no transactions entered into by Vienna Township during the year that were both significant and unusual, and of which, under professional standards, I am required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Some accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience and past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. My conclusions regarding the reasonableness of the estimates are based on reviewing and testing the historical data provided by management and using this data to compute the liability.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in my judgment, may not have been detected except through my auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on Vienna Township's financial reporting process (that is, cause future financial statements to be materially misstated). All of the adjustments I proposed have been recorded by Vienna Township.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether significant or not resolved to my satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. I am pleased to report that no such disagreements arose during the course of my audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Vienna Township's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with me to determine that the consultant has all of the relevant facts. To my knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Vienna Township's auditors. However, these discussions occurred in the normal course of our professional relationship and my responses were not a condition to my retention.

Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management in performing and completing my audit.

COMMENTS AND RECOMMENDATIONS

The following is a summary of my observations with suggestions for improvements I believe should be brought to your attention.

SEGREGATION OF DUTIES - There is not adequate segregation of duties in the accounting function. The treasurer receives all funds (receipts) and also reconciles the bank accounts. However, because of the size of the Township it is not only difficult but for all practical purposes impossible to obtain ideal segregation of duties. The Township Board must recognize that all internal controls must be evaluated for cost effectiveness and at this point little can be done to increase the controls without considerable cost increase. The controls which could be added would have to be compared with the costs required to obtain those controls.

GENERAL LEDGER/TREASURER/CLERK RECONCILIATION

The ledger for each fund needs to be closed at the end of the fiscal year and the fund balance in the clerk's ledger should be reconciled to the treasurer records. In Addition, the clerk and treasurer should reconcile cash balances by fund on a monthly basis. We can assist you in closing the year which will give you correct beginning balances for the 2008/09 year.

TAX COLLECTION FUND OUTSTANDING CHECKS

At March 31, 2008 we noted several checks which were written to disburse Road Fund taxes were still outstanding. I understand you could not deposit these checks into the Road Fund certificate of deposit. You have now opened an account and all of these checks have been deposited.

In general, as has always been the case in the past, the records were organized. Bank accounts were timely and accurately reconciled. For a Township the size of Vienna, the accounting process appears to be working in good order.

This report is intended solely for the information and use of Vienna Township's management, and the Michigan Department of Treasury and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Thomas R. Zick CPA, P.C.
Certified Public Accountant